

AMENDED IN SENATE APRIL 25, 2011

AMENDED IN SENATE MARCH 31, 2011

SENATE BILL

No. 383

Introduced by Senator Wolk

February 15, 2011

An act to amend Section 2830 of, *to amend the heading of Chapter 7.5 (commencing with Section 2830) of Part 2 of Division 1 of*, and to repeal Section 2826.5 of, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 383, as amended, Wolk. ~~Local government renewable energy self-generation program.~~ *Renewable energy generation:* private energy producers: PVUSA solar facility.

(1) Under existing law, the Public Utilities Commission has regulatory jurisdiction over public utilities, including electrical corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. ~~The~~ *Under existing law, the governing board of a local publicly owned electric utility, as defined, generally has authority over the activities of a local publicly owned electric utility.*

Under existing law, the local government renewable energy self-generation program authorizes a local government, as defined, to receive a bill credit, as defined, to be applied to a designated benefiting account for electricity exported to the electrical grid by an eligible renewable generating facility, as defined, and requires the commission to adopt a rate tariff for the benefiting account. The program requires the local government or campus and the electrical corporation to mutually agree upon a benefiting account.

~~This bill would authorize the local government or campus to designate the benefiting account.~~

The existing program requires that the benefiting account receives service under a time-of-use rate schedule and requires that a bill credit is to be calculated based upon the time-of-use electricity generation component of the electricity usage charge of the generating account, multiplied by the quantities of electricity generated by an eligible renewable generating facility that are exported to the grid during the corresponding time period.

~~This bill would delete the requirement that the benefiting account receive service under a time-of-use rate schedule and require that the bill credit be calculated based upon the bundled electricity rate charged the benefiting account, with differing calculations depending upon whether the benefiting account receives service pursuant to a time-of-use rate schedule, a single bundled rate, or fixed rates with different rates charged for different tiers of usage. The bill would authorize a benefiting account that is a net surplus customer-generator, as defined, to affirmatively elect to receive net surplus electricity compensation, as defined.~~

This bill would recast the existing program as the off-site renewable energy self-generation program and would apply the program to both electrical corporations and local publicly owned electric utilities. The bill would authorize the owner or operator of an eligible renewable generating facility, as defined, to designate a benefiting account within the service territory of either an electrical corporation or a local publicly owned electric utility to receive a bill credit based upon the quantity of electricity generated by the eligible renewable generating facility, as specified. The bill would require the owner or operator of the eligible renewable generating facility to determine the percentage of electricity generated by the renewable energy generating facility to be assigned to the benefiting account.

~~The~~

(2) *The existing program limits the generating capacity of an eligible renewable generating facility to no more than one megawatt and requires that the facility be owned by, operated by, or be located on property under the control of the local government or campus.*

This bill would limit the generating capacity of an eligible renewable generating facility to no more than 20 megawatts. The bill would delete the requirement that the eligible renewable generating facility be owned by, operated by, or be located on, property under the control of the local

government or campus, *and would instead require the facility to be located within the state. The bill would add a requirement that the eligible renewable generating facility be metered to allow calculation of the bill credit based upon the time period during which the electricity is exported to the grid, as defined.*

The existing program provides that an electrical corporation is not obligated to provide a bill credit to a benefiting account that is not designated prior to the point in time that the combined statewide cumulative rated generating capacity of all eligible renewable generating facilities within the service territories of the state's 3 largest electrical corporations reaches 250 megawatts.

This bill would delete this 250 megawatts limitation upon the obligation of an electrical corporation to provide a bill credit.

By imposing new requirements on local publicly owned electric utilities, which are entities of local government, in connection with billing benefiting accounts under the off-site renewable energy self-generation program, this bill would impose a state-mandated local program.

(2)

(3) Existing law authorizes the City of Davis to receive a bill credit, as defined, to a benefiting account, as defined, for electricity supplied to the electrical grid by a photovoltaic facility located within and partially owned by the city (PVUSA solar facility) and requires the commission adopt a rate tariff for the benefiting account. Existing law authorizes the peak electricity generating capacity for the facility to be expanded, not to exceed one megawatt.

This bill would repeal these provisions relating to the City of Davis.

(4) *The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 2826.5 of the Public Utilities Code is
2 repealed.

1 *SEC. 2. The heading of Chapter 7.5 (commencing with Section*
2 *2830) of Part 2 of Division 1 of the Public Utilities Code is*
3 *amended to read:*

4
5 CHAPTER 7.5. ~~LOCAL GOVERNMENT OFF-SITE~~ RENEWABLE
6 ENERGY SELF-GENERATION PROGRAM
7

8 ~~SEC. 2.~~

9 *SEC. 3. Section 2830 of the Public Utilities Code is amended*
10 *to read:*

11 2830. (a) As used in this section, the following terms have the
12 following meanings:

13 (1) “Benefiting account” means an electricity account, or more
14 than one account, designated by ~~a local government or campus~~ *the*
15 *owner or operator of an eligible renewable generating facility to*
16 *receive a bill credit pursuant to this section. To be eligible to be*
17 *designated as a “benefiting account,” the account shall be for*
18 *service to premises located within the geographical boundaries of*
19 ~~a local government or, for a campus, within the geographical~~
20 ~~boundary of the city, county, or city and county in which the~~
21 ~~campus is located. the service territory of the electric distribution~~
22 *utility containing the eligible renewable generating facility, or*
23 *within the geographical boundaries of a contiguous service*
24 *territory of an electric distribution utility if both of the electric*
25 *distribution utilities have an agreement enabling the connection*
26 *of the benefiting account to the eligible renewable generating*
27 *facility.*

28 (2) “Bill credit” means an amount of money credited to a
29 benefiting account that is calculated based upon the ~~bundled~~
30 ~~electricity rate charged the benefiting account by the electrical~~
31 ~~corporation. time-of-use electricity generation component of the~~
32 *electricity usage charge of the benefiting account multiplied by*
33 *the quantity of electricity generated by an eligible renewable*
34 *generating facility that is assigned to the benefiting account*
35 *pursuant to paragraph (1) of subdivision (b).*

36 ~~(A) If the benefiting account receives service pursuant to a~~
37 ~~time-of-use rate, the amount of the bill credit is to be calculated~~
38 ~~by measuring the amount of electricity exported to the electrical~~
39 ~~grid by an eligible renewable generating facility multiplied by the~~
40 ~~corresponding time-of-use electricity rate of the benefiting account.~~

~~(B) If the benefiting account receives service pursuant to a fixed single rate, the credit shall be calculated by measuring the amount of electricity exported to the electrical grid by an eligible renewable generating facility multiplied by that rate.~~

~~(C) If the benefiting account receives service pursuant to fixed rates, with different rates charged for different tiers of usage, the bill credit will be at the first tier or baseline usage rate for electricity exported to the electrical grid by an eligible renewable generating facility, up to the baseline quantity of electricity for that benefiting account. The bill credit for electricity exported to the grid by an eligible renewable generating facility that is above the baseline amount shall be calculated based upon the next lowest tiered rate, up to that tier of usage, and then upon the next lowest tiered rate, up to that tier of usage, until the bill credit reaches 100 percent of the bill to the benefiting account.~~

~~(D) Electricity is exported to the grid if it is generated by an eligible renewable generating facility, is not utilized onsite by the local government or campus, and the electricity flows through the meter site and on to the electrical corporation's distribution or transmission infrastructure.~~

~~(3) "Campus" means an individual community college campus, individual California State University campus, or individual University of California campus.~~

~~(3) "Electric distribution utility" means an electrical corporation, as defined in Section 218, or a local publicly owned electric utility, as defined in Section 224.3.~~

~~(4) "Eligible renewable generating facility" means a generation facility that meets all of the following requirements:~~

~~(A) Has a generating capacity of no more than 20 megawatts.~~

~~(B) Is an eligible renewable energy resource, as defined in Article 16 (commencing with Section 399.11) of Part 1.~~

~~(C) Is located within the geographical boundary of the local government or, for a campus, within the geographical boundary of the city or city and county, if the campus is located in an incorporated area, or county, if the campus is located in an unincorporated area.~~

~~(C) Is located within the State of California.~~

~~(D) Is sized to offset all or part of the electrical load of the benefiting account, or more than one account.~~

1 ~~(5) “Generating account” means the time-of-use electric service~~
2 ~~account of the local government or campus where the eligible~~
3 ~~renewable generating facility is located.~~

4 ~~(6) “Local government” means a city, county, whether general~~
5 ~~law or chartered, city and county, special district, school district,~~
6 ~~political subdivision, or other local public agency, but shall not~~
7 ~~mean a joint powers authority, the state or any agency or~~
8 ~~department of the state, other than an individual campus of the~~
9 ~~University of California or the California State University.~~

10 ~~(b) Subject to the limitation in subdivision (h), a local~~
11 ~~government may elect to receive electric service pursuant to this~~
12 ~~section, if all of the following conditions are met:~~

13 ~~(1) The local government designates one or more benefiting~~
14 ~~accounts to receive a bill credit.~~

15 ~~(2) The benefiting account is the responsibility of, and serves~~
16 ~~property that is owned, operated, or on property under the control~~
17 ~~of the local government or campus.~~

18 ~~(3) The electrical output of the eligible renewable generating~~
19 ~~facility is metered for time of use to allow calculation of the bill~~
20 ~~credit based upon when the electricity is exported to the grid.~~

21 ~~(4) All costs associated with the metering requirements of~~
22 ~~paragraphs (2) and (3) are the responsibility of the local~~
23 ~~government.~~

24 ~~(5) All costs associated with interconnection are the~~
25 ~~responsibility of the holder of the benefiting account. For purposes~~
26 ~~of this paragraph, “interconnection” has the same meaning as~~
27 ~~defined in Section 2803, except that it applies to the interconnection~~
28 ~~of an eligible renewable generating facility rather than the energy~~
29 ~~source of a private energy producer.~~

30 ~~(6) The owner of the eligible renewable generating facility does~~
31 ~~not sell electricity exported to the electrical grid to a third party.~~

32 ~~(E) The electrical output of the facility is metered for time of~~
33 ~~use to allow calculation of the bill credit based upon when the~~
34 ~~electricity is exported to the grid.~~

35 ~~(5) “Exported to the grid” means electricity is generated by an~~
36 ~~eligible renewable generating facility, is not utilized onsite by the~~
37 ~~owner or operator of the eligible renewable generating facility,~~
38 ~~and flows through the meter site and on to the electric distribution~~
39 ~~utility’s distribution or transmission infrastructure.~~

(6) “Ratemaking authority” means, for an electrical corporation, the commission, and for a local publicly owned electric utility, the local elected body responsible for setting the rates of the local publicly owned electric utility.

(b) An owner or operator of an eligible renewable generating facility may designate a benefiting account to receive a bill credit pursuant to this section, if all of the following conditions are met:

(1) The owner or operator of the eligible renewable generating facility determines the percentage of electricity generated by the eligible renewable generating facility that is assigned to the benefiting account and transmits that information to the electric distribution utility.

(2) The electrical output of the eligible renewable generating facility is metered for time of use to allow calculation of the bill credit based upon when the electricity is exported to the grid.

(3) All costs associated with interconnection are the responsibility of the owner or operator of the eligible renewable generating facility. For purposes of this paragraph, “interconnection” has the same meaning as defined in Section 2803, except that it applies to the interconnection of an eligible renewable generating facility rather than the energy source of a private energy producer.

~~(7)~~

(4) All electricity exported to the grid by the eligible renewable generating facility becomes the property of the ~~electrical corporation~~ electric distribution utility to which the facility is interconnected, but shall not be counted toward the ~~electrical corporation’s~~ electric distribution utility’s total retail sales for purposes of Section 387 or Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1. Ownership of the renewable energy credits, as defined in Section 399.12, shall be the same as the ownership of the ~~renewable energy credits associated with electricity that is net metered pursuant to Section 2827.~~ eligible renewable generation facility.

(c) (1) Not more frequently than once ~~every other~~ per month, and upon providing the ~~electrical corporation~~ electric distribution utility with notice pursuant to paragraph (2) with a minimum of 30 days’ notice, the ~~local government or campus~~ owner or operator of the eligible renewable generating facility may elect to change, add, or remove a benefiting account. ~~Any credit resulting from the~~

1 application of this section earned prior to the change in a benefiting
2 account that has not been used as of the date of the change in the
3 benefiting account shall be applied, and may only be applied, to
4 a benefiting account as changed. *If the owner of a benefiting*
5 *account transfers service to a new benefiting account, the electric*
6 *distribution utility shall transfer any credit remaining from the*
7 *previous account to the new account.*

8 (2) Upon a change, addition, or removal of a designated
9 benefiting account, ~~the local government or campus owner or~~
10 *operator of the eligible renewable generating facility* shall
11 determine the percentage of the electricity generated by the eligible
12 renewable generating facility and delivered to the grid that shall
13 be credited to each benefiting account and provide notice to the
14 ~~electrical corporation~~ *electric distribution utility* of the percentage
15 that is to be credited to each benefiting account.

16 (d) (1) ~~A benefiting account shall be billed~~ *An electric*
17 *distribution utility shall bill a benefiting account* for all electricity
18 usage, and for each bill component, at the rate schedule applicable
19 to the benefiting account, including any cost-responsibility
20 surcharge or other cost recovery mechanism, as determined by the
21 commission, to reimburse the Department of Water Resources for
22 purchases of electricity, pursuant to Division 27 (commencing
23 with Section 80000) of the Water Code.

24 (2) ~~The bill shall then credit the designated benefiting account~~
25 ~~by the amount of the bill credit~~ *subtract the bill credit applicable*
26 *to the benefiting account.* The generation component credited to
27 the benefiting account may not include the cost-responsibility
28 surcharge or other cost recovery mechanism, as determined by the
29 commission, to reimburse the Department of Water Resources for
30 purchases of electricity, pursuant to Division 27 (commencing
31 with Section 80000) of the Water Code. ~~The electrical corporation~~
32 *electric distribution utility* shall ensure that ~~the local government~~
33 *owner or operator* receives the full bill credit.

34 (3) If, during the billing cycle, the electricity usage ~~charges~~
35 *charge* exceeds the bill credit, the benefiting account shall be billed
36 for the difference.

37 (4) If, during the billing cycle, the bill credit applied pursuant
38 to paragraph (2) exceeds the electricity usage charges, the
39 difference shall be carried forward as a financial credit to the next
40 billing cycle.

(5) After the electricity usage charge pursuant to paragraph (1) and the credit pursuant to paragraph (2) are determined for the last billing cycle of a 12-month period, any remaining bill credit resulting from the application of this section shall be reset to zero, and the owner of the eligible renewable generating facility may elect to receive compensation pursuant to Section 399.20, for any electricity exported to the electrical grid that is not credited to a benefiting account. *zero.*

~~(6) The electrical corporation shall inform the local government or campus regarding the amount each benefiting account was credited pursuant to this subdivision for electricity generated by the eligible renewable generating facility and exported to the grid.~~

~~(7) The local government or campus may prepare a bill for the holder of the benefiting account that is credited pursuant to this subdivision, for electricity generated by the eligible renewable generating facility and exported to the grid.~~

(e) The ~~commission~~ *ratemaking authority* shall ensure that the transfer of a bill credit to a benefiting account does not result in a shifting of costs to bundled service subscribers. The costs associated with the transfer of a bill credit shall include all billing-related expenses.

~~(f) A local government or campus~~ *The owner or operator of an eligible renewable generating facility* shall provide the ~~electrical corporation~~ *electric distribution utility* to which the eligible renewable generating facility will be interconnected with not less than 60 days' notice prior to the eligible renewable generating facility becoming operational.

~~(g) The local government or campus may terminate its election pursuant to subdivision (b), upon providing the electrical corporation with a minimum of 60 days' notice. Should the electricity generated by the eligible renewable generating facility be sold to a third party, no further bill credit pursuant to subdivision (d) may be earned. Only credit earned prior to that date shall be made to a benefiting account.~~

(g) If the holder of the benefiting account sells or cancels its interest in or contract with the owner or operator of the eligible renewable generating facility, or sells the electricity generated by the eligible renewable generating facility in a manner that is not allowed by this section, upon the date of that event, no further bill

1 *credit may be earned pursuant to subdivision (d), and only credit*
 2 *earned prior to that date shall be made to the benefiting account.*

3 *(h) An electric distribution utility may have ownership of the*
 4 *eligible renewable generating facilities within its service territory,*
 5 *in an amount that is not greater than the sum of 50 percent plus*
 6 *10 megawatts of the aggregate electrical capacity of all eligible*
 7 *renewable generating facilities operating within the service*
 8 *territory.*

9 *(i) This section applies to electrical corporations, as defined in*
 10 *Section 218, and local publicly owned electric utilities, as defined*
 11 *in Section 224.3.*

12 *SEC. 4. No reimbursement is required by this act pursuant to*
 13 *Section 6 of Article XIII B of the California Constitution because*
 14 *a local agency or school district has the authority to levy service*
 15 *charges, fees, or assessments sufficient to pay for the program or*
 16 *level of service mandated by this act, within the meaning of Section*
 17 *17556 of the Government Code.*

18

19

20 **CORRECTIONS:**

21 **Text—Page 7.**

22